

Report and Financial Statements

31 March 2014

Portal Housing Association Limited

Industrial and Provident Society No: 28635R
Homes and Communities Agency No: LH4163



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General Information

Board of Management

Mark Ralf *Chair*

Sean Gibbs

Oliver Graham

Mandy Clarke

Lindsay Todd *Group Chief Executive*

Secretary

Terry Walker

Registered Office

Collins House

Bishopstoke Road

Eastleigh

Hampshire

SO50 6AD

Bankers

Lloyds TSB

High Street

Southampton

SO14 2DF

Auditor

Deloitte LLP

Chartered Accountants and Statutory Auditor

2 New Street Square

London

EC4A 3BZ

Performance Highlights

Portal Financial Results, Five Year Summary

For the year ended 31 March	2014 £m	2013 £m	2012 £m	2011 (restated)* £m	2010 £m
Income and Expenditure Account					
Turnover	10.0	7.3	3.9	3.2	2.5
Operating costs	(5.3)	(3.9)	(2.4)	(1.5)	(1.6)
Operating surplus	4.7	3.4	1.5	1.7	0.9
Surplus on sale of investments	–	0.8	–	–	–
Net interest charge	(6.7)	(5.0)	(2.2)	(1.2)	(1.0)
Gift aid	18.0	15.0	37.0	6.4	9.6
Surplus for the year	16.0	14.2	36.3	6.9	9.5
Balance Sheet					
Housing properties at cost less depreciation	280.6	213.4	161.0	69.6	57.1
Less: Social housing and other grants	(77.9)	(57.9)	(42.5)	(15.2)	(11.3)
	202.7	155.5	118.5	54.4	45.8
Other tangible fixed assets	0.6	0.6	0.6	0.7	0.7
Investments	4.0	4.0	4.0	4.0	4.0
Net current assets	36.3	39.4	59.5	12.7	8.5
	243.6	199.5	182.6	71.8	59.0
Loans due after one year	131.4	103.2	100.8	26.2	20.5
Other long term liabilities	–	–	–	–	–
Reserves	112.2	96.3	81.8	45.6	38.5
	243.6	199.5	182.6	71.8	59.0
Statistics					
Operating margin	47%	47%	38%	53%	36%
Units of accommodation in management	1,897	1,553	1,223	636	534
Turnover from Social Housing as % of total revenue	98%	94%	100%	99%	100%
Debt as a multiple of revenue	13.1	14.1	25.9	8.2	8.1

*The figures for 2013, 2012 and 2011 reflect the introduction of component accounting as required by the SORP 2010. The figures for 2010 have not been restated. Comparative 2011 figures were restated in the 2012 financial statements.

Introduction from the Chair of the Board

2013/14 was a challenging but successful year. There are increasing financial pressures on us and on our customers – welfare reforms, lower grants for new affordable homes, and many other economic pressures affecting our performance. These challenges make it even more important that we control costs and maintain focus on providing great services at the best possible price.

The Board and Executive monitor performance regularly and aim to maintain and improve performance through consultation with residents and setting and delivery of our corporate plan. One of the key strategic objectives of the corporate plan is the development and delivery of our Value for Money strategy. It targets efficiency savings to improve our income, generating cash to invest in our corporate priorities. It also outlines how we plan to provide great services, be clear and open in what we do, live up to our values, and prepare for challenges, such as welfare reform, that will affect our customers and us.

Value for Money is closely linked to our purpose – creating great housing, care and support services. It is one of the key strategic objectives in our 2012-15 Corporate Plan: 'From good to great', and it is an essential ingredient for success in tough times.

At the end of 2013/14 Portal owned and managed 1,847 (2013: 1,499) rented homes across south central and south west England. It's vital we know what our customers want and provide cost-effective services in response.

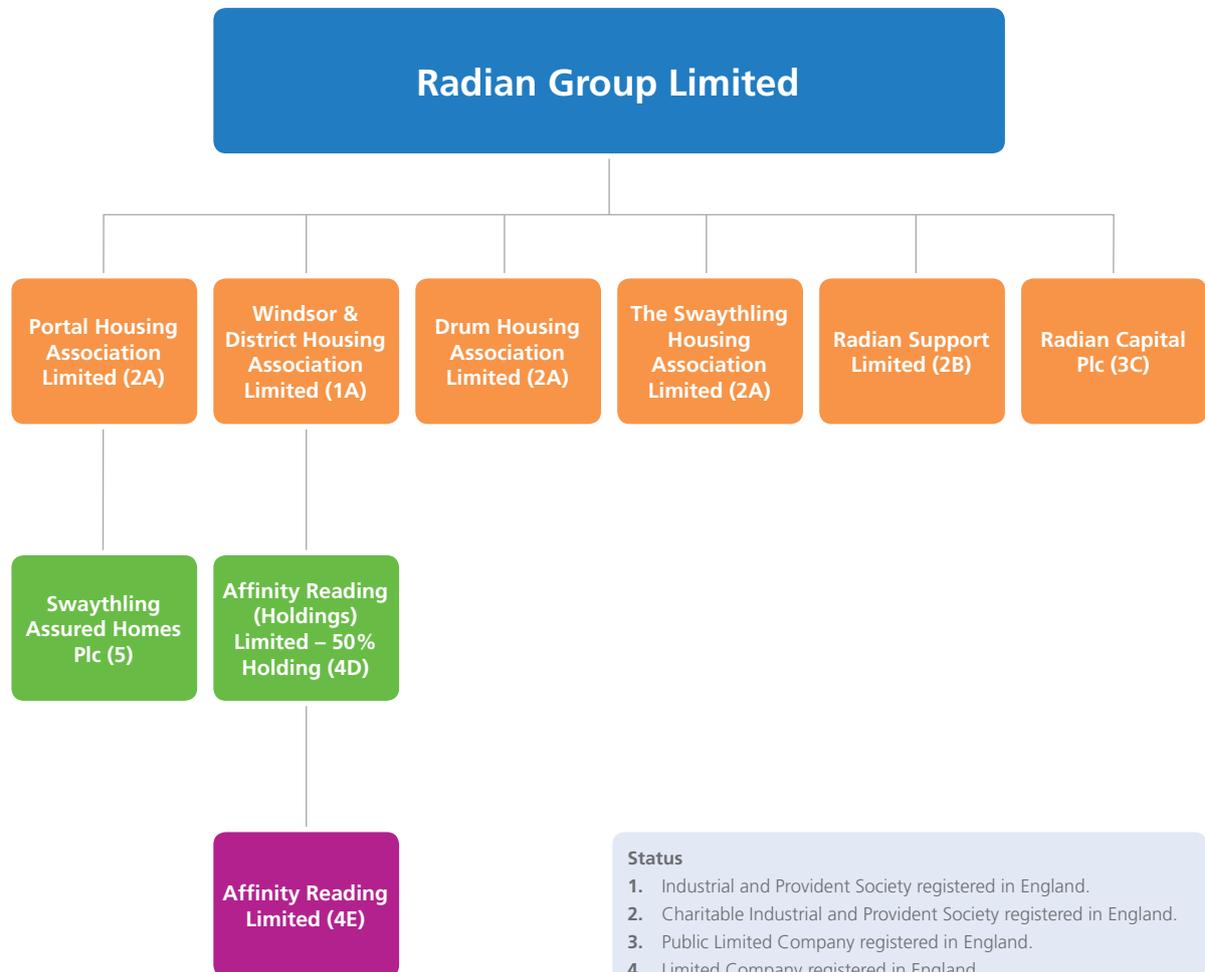
The Association's resources played a significant role in helping Radian deliver a total of 508 new homes and at the same time ensured that the Association grew by 348 homes acquired in the year. Radian's housing management, repairs and community investment services continue to ensure that these assets are well maintained and that there are high levels of customer satisfaction.

We will continue to harness the collective resources of Radian to improve the cost and quality of our services, prepare for the financial challenge of welfare reform and build sustainable communities of which everyone can be proud.



Mark Ralf
Chair

Our Structure



Status

1. Industrial and Provident Society registered in England.
2. Charitable Industrial and Provident Society registered in England.
3. Public Limited Company registered in England.
4. Limited Company registered in England.
5. Dormant Company registered in England.

Activity

- A. Registered provider.
- B. Care and support services.
- C. Funding vehicle.
- D. Holding company.
- E. Operator of PFI contract to refurbish, manage and maintain housing stock.

Our Executive Team



Lindsay Todd – Chief Executive Radian

Lindsay began his career in housing in 1980 as Housing and Development Officer for a housing association in Manchester. Qualifying as a chartered surveyor in 1983, in 1986 he became a Regional Development Manager with North British Housing Association (now Places for People Group). In 1989 he became Regional Manager for the North of England for Quality Street Ltd, a private rented housing company backed by Nationwide Building Society. He joined Focus Housing Group, in the Midlands in 1995, serving over a five-year period as Regional Director, and Director of Business Development.

In 2000 he was appointed Chief Executive of Oriel Group, one of Radian's founding partners, and was appointed Chief Executive of Radian when it was formed in December 2006.



Andrew Newberry – Director of Finance

Andrew Newberry qualified as a chartered accountant in 1979, whilst working for an international practice in England. After two years further experience with them in Africa, he returned to England and moved into commerce. This gave him experience at a senior level in a range of activities including construction, property development, property maintenance manufacturing and leasing.

Andrew joined The Swaythling Housing Society Limited, as Director of Finance in 1996, taking responsibility for finance, IT and company secretary matters and became Director of Finance of Radian Group at its inception.



Andrea Smith – Director of Development and New Business

Andrea joined The Swaythling Housing Society Limited in July 1998, one of Radian's founding companies and has therefore been with Radian since its inception. Andrea is a chartered architect and her early career was spent in private practice. She is passionate about property and design and proud of Radian's track record of developing award winning schemes. Andrea is a member of the NHF South East Standing Board.



Ralph Facey – Director of Housing and Customer Services

Ralph joined Radian in January 2005 and has over 25 years' housing management experience gained in a range of different organisations. In Birmingham Ralph coordinated preparations for the transfer of the City Castle Vale estate to a Housing Action Trust and oversaw the formal transfer. After 3 years spent as Housing Services Manager at Southampton City Council, Ralph became Chief Housing Officer at Gosport and led the service through a period of successful and significant change.

In January 2005 Ralph took over responsibility for The Swaythling Housing Society Limited's preparations for the July 2005 Audit Commission inspection, which resulted in a good service and excellent prospects for improvement judgement. Ralph was appointed as Group Director of Housing and Customer Services in December 2009.

Our Executive Team continued



Peter Evans – Director of Technical Services

Peter has been working in construction for over 30 years gaining experience in a variety of roles across different sectors including self employment, contracting, private sector consultancy, charitable organisations and the housing sector.

After leaving the production side of the construction industry in 1997 he gained qualification as a surveyor and subsequently joined the National Trust as an historic building surveyor working in Oxfordshire. In the same year he gained the distinction of winning two Chartered Institute of Builders Awards in both Contractual and Technology studies.

As Director of Technical Services at Radian he is responsible for over 260 staff and an annual budget of £35m, delivering asset management and maintenance to over 18,000 homes across the South of England.

In addition Peter is responsible for the procurement, sustainability and facilities management of the Group which has an annual turnover of £106m and over 1,200 staff.



Gina Small – Director of Radian Support

Gina has been working in health and social care for the past 30 years, starting as a nurse in her native Glasgow, before moving south in 1986 and working across a range of services in both an operational and commissioning role. She has always had a passion in developing projects and services which recognise the rights and needs of people with disabilities and which seek to make a real, positive difference in their lives.



Isabelle Simon-Evans – Director of Corporate Services

Isabelle joined Radian in February 2010 following a career across the private, public and not-for-profit sectors. She was formerly Director of People, procurement and organisational development with the The Children's Society and a board member and chair of the remuneration committee for a housing association specialising in services for people with learning disabilities and mental health issues. Starting her career in sales and marketing, Isabelle developed operational experience in running services for vulnerable adults, registering and inspecting residential care. She is a Fellow of the Institute of Personnel and Development and has had experience as a magistrate in the youth and adult courts.

Board Report

The Board presents its annual report and the audited financial statements for the year ended 31 March 2014.

Principal Activities

Portal Housing Association Limited (the "Association") is a charitable Industrial and Provident Society and a Registered Provider of Social Housing. It is a subsidiary of Radian Group Limited (the "Group"). The Association has one subsidiary, Swaythling Assured Homes Plc.

The Association's principal activity is the provision of quality, cost effective accommodation for people in housing need. The activities of the Association are discussed further in the Strategic Review that follows this Board report.

The Association's functions are largely carried out by staff who are employed by The Swaythling Housing Society Limited (trading as "Radian"), another member of the Group. Radian acts as managing agent in respect of the Association's properties. There are no staff directly employed by the Association.

Board Members and Executive Directors

The present Board members and the executive Directors of the Association are set out on page 2.

The following Board member was appointed in the period up to the date of signing this report:

Mandy Clarke (1 September 2013)

The following Board member was appointed on 1 June 2013 and resigned in the period up to the date of signing this report:

Margaret Scott (1 December 2013)

The following Board members also resigned in the period up to the date of signing this report:

Jayne Beeson (1 June 2013)

Jane Slatter (31 May 2013)

Alison Scarce (26 June 2013)

Tom Moloney (31 August 2013)

Portal Housing Association Limited	Role	Board movements 01/04/13 – 31/03/14		Annualised fees*	Member of Group Combined Board
		Joined	Left		
Mandy Clarke	Chair of RARC	01/09/13		£8,000	from 01/09/13
Sean Gibbs	Member of HASC			£6,250	Y
Oliver Graham	Chair of GFC, member of GAC and NBC			£8,000	Y
Mark Ralf (Chair)	Member of Radian Support Board			£6,250	Y
Lindsay Todd	Member of NBC and GFC			n/a	Y
Jayne Beeson	Member of GAC and NBC		01/06/13	£8,000	Y
Tom Moloney	Chair of HASC		31/08/13	£8,000	until 31/08/13
Alison Scarce	Member of HASC		26/06/13	£5,640	until 26/06/13
Margaret Scott	Member of HASC and RARC	01/06/13	01/12/13	£8,625	Y
Jane Slatter	Member of RARC		31/05/13	£5,640	until 31/05/13

*Fees are payable by the Association for chairing the Board, and by the Group parent for other members of the Association's Board in respect of their membership of the Group Combined Board. A supplementary fee is paid for chairing a Group Committee.

Board membership at 31 March 2014 is indicated by shading.

Board Report

continued

Board Members and the Executive Directors continued

Each member of the Board holds a £1 share in the Association, as does the parent company and Oriel Housing Limited, another member of the Group.

The Board of Management consists of five non-executive members and one executive member, and is responsible for managing the affairs of the Association. Members are drawn from a wide background bringing together professional, commercial and local experience and include one resident member.

Group and Association insurance policies indemnify Board members and officers against liability when acting for the Group and Association.

The Board of Management of the Association met several times in the year, and was supported by:

- Group Audit Committee ("GAC")
- Remuneration and Resources Committee ("RARC")
- Housing Assets and Customer Services Committee ("HASC")
- New Business Committee ("NBC")
- Group Finance Committee ("GFC")

In addition, delegated authority was given by the New Business Committee to the Executive Appraisal Panel.

Corporate Governance Statement

The respective purpose and remit of the sub-committees are outlined below:

Group Audit Committee

The purpose and remit of this committee is to ensure effective controls, by reviewing, advising, or deciding upon these matters, as authorised by the Board of Management:

- Internal control framework and internal audit;
- Risk management and insurance;
- External audit and review of financial statements;
- Responsibility for Health and Safety;
- The effectiveness and role of the Committee.

The Group Audit Committee makes regular reports to the Board and met four times during the year.

Remuneration and Resources Committee

The purpose and remit of this committee is to review, advise or decide upon matters, as authorised by the Board of Management:

- Board and Committee effectiveness, and board member recruitment succession and terms of appointment;
- Executive recruitment, terms of employment, remuneration, performance and annual objectives;
- Staff remuneration and benefits policy (including pensions), staff employment contracts, condition of service and Human Resource ("HR") policies, changes to organisational structure;
- Staff engagement;
- Plans, performance, efficiency, and resourcing of corporate services, and HR, communications, and learning and development strategies;
- Issues arising under the non-contractual payments and benefits policy, or employment litigation.

Board Report

continued

Corporate Governance Statement continued

Housing Assets and Services Committee

The role and remit of this committee is to oversee housing, asset management and customer service, and value for money strategy in all parts of the Group, by reviewing, advising, or deciding upon these matters, as authorised by the Board of Management:

- Monitoring of service delivery performance and VfM outcomes;
- Approving performance measures and targets and recommending Group VfM targets;
- Advising on service delivery resources;
- Reviewing service delivery strategies and approving relevant policies.

New Business Committee

The purpose and remit of this committee is to:

- Make decisions regarding the submission of bids for new capital or revenue projects or programmes;
- Make decisions regarding the development or acquisition of capital or revenue projects or programmes, including the acquisition of tenanted stock;
- To make decisions regarding home ownership and market rent lettings transactions;
- To make decisions regarding the disposal of existing Radian owned land or property;
- To make decisions regarding Joint Ventures with third parties and partnership agreements with third parties involving contractual obligations;
- To monitor contract and consultant performance, HCA programme delivery, Key Performance Indicators and risk management associated with the approved projects and programmes;
- To delegate authority for decision making to the Chief Executive Officer via the Executive Appraisal Panel in accordance with agreed parameters for financial appraisal and risk management;
- To monitor and ensure the effectiveness and role of the New Business Committee;
- To keep members of the Group Combined Board apprised of new initiatives and opportunities under consideration.

Group Finance Committee

The purpose and remit of this committee is to review, advise, or decide upon these matters, as authorised by the Group Combined Board:

- Budgets, plans and financial operations;
- Treasury matters;
- Pensions;
- The effectiveness and role of the committee.

Executive Appraisal Panel

The purpose of the Executive Appraisal Panel ("EAP") is to monitor activity under Radian's Development Strategy, appraise and monitor development and other new business projects, and advise New Business Committee ("NBC") or take decisions on those matters where NBC has delegated authority to EAP.

Board Report

continued

Service Contracts

The Chief Executive and other executives are employed on the same terms as other staff, their notice periods ranging from three to six months.

Other Benefits

The executive Directors are entitled to other benefits such as the provisions of a car and health care insurance.

Pensions

The executive Directors are members of the Radian Group Pension Scheme. They participate in the sections of the schemes on the same terms as all other employee members of those sections and the Group contributes to the sections of the scheme on behalf of its employees.

Tenant Involvement

The Group actively encourages involvement in decision-making by residents (tenants, leaseholders, shared owners) and people we support (users of our care services). The following mechanisms support involvement:

- At least one member of the Group Combined Board is a resident.
- We have five Area Panels, of which the majority of members are residents and which scrutinise and advise on the quality of local services and service planning.
- A Residents Council scrutinises Group performance and advises on policies and plans affecting customers. Its membership includes representatives of the Area Panels and independently appointed residents.
- The Residents Council Chair attends Group Combined Board meetings as an observer.
- The Group Chair has a standing invitation to attend Residents Council meetings.

Governance and Regulation

The Group's operations, and the operations of the Association, are carried out in accordance with the Housing Acts and regulated by the Regulation Committee of the Homes and Communities Agency ("HCA"), and in respect of the care and support activities of Radian Support Limited, regulated by the Care Quality Commission.

The Association is also regulated as a charitable Industrial and Provident Society.

The Group complies with the principal recommendations of the NHF Code: Excellence in Governance (as revised in 2010), and the NHF Code of Conduct for Members (as revised in 2012).

The Group Audit Committee has agreed a protocol with the external auditor which sets out policies for determining what non-audit work can be undertaken by the external auditor and procedures for periodic review and selection of the external auditor. The level of fees paid for this work is set out in note 6 to the financial statements.

Whilst continuing to concentrate on providing quality, affordable homes and services delivered consistently and perceived by customers to be good value for money, the Group aims to continue to expand the number of homes and the range of services it provides.

The Group continues to achieve high levels of financial and non-financial performance.

Board Report

continued

Internal Control Statement

The Group Combined Board ("GCB") acknowledges its ultimate responsibility for establishing and maintaining the whole system of internal control that is appropriate to the various business environments in which it operates and for reviewing the effectiveness of those controls. This applies to all companies and subsidiaries within the Group. These controls are designed to give reasonable assurance in respect of:

- the reliability of financial and operational information used within the Group or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposal.

The GCB recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Company's, and the Group's, assets and interests.

In meeting its responsibilities, the GCB has adopted a risk-based approach to internal controls that are embedded within the normal management and governance process. This approach, consistent with past practice, includes the regular evaluation of the nature and extent of risks to which the Group is exposed.

The process adopted by the GCB in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

Identification and Evaluation of Key Risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Group's activities. The process is coordinated through a regular reporting framework by the Group Audit Committee ("GAC"). The executive team regularly considers reports on significant risks facing the Group and the Director of Corporate Services reports to the Board any significant changes affecting key risks. The Board reviews strategic risk at least once every year.

Monitoring and Corrective Action

A process of control self-assessment (within each entity) along with regular management reporting on control issues (throughout the Group) provides assurance to successive levels of management and to the Board. This includes a formal procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements. In addition, the Group continues to use an outsourced internal audit function to monitor and highlight any issues across the Group as expanded upon below.

Control Environment and Control Procedures

The GCB retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues. The Group's Standing Orders set out terms of reference for all Boards and Committees.

They also set out the Group's policies with regard to the quality, integrity and ethics of its employees and Board members. A framework of policies and procedures with which employees must comply support these. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection. Annual employee appraisal procedures maintain standards of performance.

Board Report

continued

Internal Control Statement continued

The GCB has adopted the NHF Code 'Excellence in Governance' of 2010 and the NHF Code of Conduct (2012) and considers that the Group is broadly compliant with both Codes. A statement of non-compliance is published on the Radian website and refers to:

- Section D1 of the Code: "To support Board renewal, maximum terms of office must be two to three terms, with an overall maximum period of Board service for non-executive Board members of no more than nine years". The 'nine-year rule' is in respect of Board membership. Currently, this is not exceeded on any Board in the Group. It has however been exceeded in relation to three GCB members who have served for longer than nine years on different Boards within the Group. At 31 March 2014 this was the case for one of the Board members and for the other two from 26 April 2014. These members are due to leave Radian on 31 August 2014, 25 September 2014 and 30 September 2014. The Board considered there to be a strong business case for each exceeding a total of nine years of service to the Group and information about this has been published on the website. Succession plans are being implemented and the Group will have no Board members who have served more than nine years from October 2014.
- Section H2 of the Code: "The Chair of the GAC must not be the Chair of the Board or an Executive member of the Board." Recent legal advice has clarified that this rule applies to chairing of Radian's subsidiary Boards as well as of the parent Board. The Swaythling Housing Society Limited ("Swaythling") is currently in breach of this section H2 as the Chair of GAC is also Chair of Swaythling. Following consultation between the Chief Executive, the Directors of Corporate Services and Finance, the Group Chair has agreed that the breach should be reported to the HCA, together with confirmation of our intention to rectify the position at the GCB meeting on 25 September 2014, following our Annual General Meetings, when all of the subsidiary Board and committee chair appointments are made.
- Radian publishes a register of interests for Board and Committee members, involved residents, Executives, the Company Secretary and Deputy Company Secretary. The interests of senior managers were not published by 31 March 2014, but the plan is to publish them during the Summer of 2014. Radian has taken the view that the administrative burden of publishing the interests of all other staff would be disproportionate.
- Radian publishes details of Board remuneration on its website, but in the past has published only the total cost of Board remuneration in the statutory accounts of Group members. From 2013/14 onwards, additional detail will be provided in the Board Reports of the statutory accounts.

The GCB expects Board and Committee members, involved residents and staff to abide by the Radian Code of Conduct, which is based on a model provided in the NHF Code of conduct.

Information and Financial Reporting Systems

Forecasts and budgets are prepared which allow the Board and Management to monitor the key financial objectives and progress towards achieving financial plans set for the year and the medium term. Regular management accounts and key performance indicators for service standards and progress against operational plans are prepared, providing an up-to-date financial and other information with significant variances investigated and reported as appropriate.

New Business

All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, either through the Executive Appraisal Panel, the New Business Committee, or the GCB, according to delegations set out in the Standing Orders.

Board Report

continued

Internal Control Statement continued

GAC

The GAC reviews reports from Management, internal auditors and external auditors to provide reasonable assurance that the control procedures are in place and are being followed. This includes a regular review of the major risks facing the Group. The GAC makes regular reports to the Board.

Fraud

A Group-wide fraud prevention policy and response plan are in place, and all incidents are reported to the GAC and recorded in a register reviewed annually by that Committee. The policy covers prevention, detection and reporting of fraud and the recovery of assets. The Board, via the GAC, has reviewed the fraud register. A Group whistle-blowing policy is also in place. Controls to mitigate the risk of money laundering, and procedures for identifying potential money laundering incidents are in place.

The internal control framework and the risk management process are subject to periodic review by internal auditors who are responsible for providing independent assurance to the Board via the GAC. The internal auditors have confirmed that for the 12 months ended 31 March 2014 Radian has adequate and effective control and governance processes to manage the achievement of the Group's objectives. The GAC considers control and risk at each of its meetings during the year.

The GCB (as well as the GAC) has conducted its annual review of the effectiveness of the system of internal controls and has taken account of any changes needed to maintain the effectiveness of the risk management and controls process.

The GCB has concluded that the system of internal controls is effective and that where issues have arisen these have been appropriately addressed and potential risks mitigated.

Health and Safety

The Group has prepared detailed health and safety policies and procedures which are managed to protect our employees, visitors, contractors, residents and members of the public from harm. We also provide staff training and education on health and safety matters.

Key performance indicators monitor compliance and performance within the safety management system. Compliance is reported to the Group Audit Committee and the Board on a quarterly basis.

Going Concern

In its consideration of going concern, the Board has reviewed the Association's expected income and expenditure performance for the foreseeable future in terms of profitability and cash flow, together with an appraisal of the effects of its new business development programme where these projections are based on prudent data and realistic assumptions.

The Association's budget and business plan, taking account of the current economic climate and expected trading conditions, show that the Association should be able to operate within its current facilities and comply with its banking agreement covenants, for the foreseeable future. A breach of one or more of the covenants could result in the company's debt becoming immediately repayable. Whilst this circumstance is not envisaged, the company is subject to a number of risks and uncertainties arising as a result of the current economic environment.

In determining that the company is a going concern the Board has considered the risks and uncertainties posed by current uncertain economic conditions and concluded that they do not currently represent a significant risk to the Association.

Board Report

continued

Going Concern continued

After making enquiries and on the basis that these projections are based on prudent data and realistic assumptions, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Auditor

In the case of each of the persons who are Directors of the Association at the date when this report is approved:

- so far as each of the Directors is aware, there is no relevant audit information of which the Association's auditor is unaware; and
- each of the Directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

A resolution to re-appoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

The Board Report was approved by the Board on 24 July 2014 and signed on its behalf by:



Mark Ralf
Chair

Strategic Report

Our Business Model

Activities

The Association's principal activity is the provision of quality, cost effective accommodation for people in housing need. Housing properties are let at rents that are affordable to tenants who are appropriate beneficiaries of a charitable organisation.

The Association owns, manages (through its managing agent) or has an investment in 1,897 properties (2013: 1,553) in 44 local authority areas in counties across South Central and South West England. The increase in the year represents homes acquired. Of the 1,847 housing properties (2013: 1,499) 81% (2013: 82%) of the Association's properties are general needs rented accommodation, predominantly for families or the elderly, and a further 15% (2013: 14%) of the homes are intermediate market or other rented. 4% (2013: 4%) of the homes are supported properties. The Association has equity interests in 50 (2013: 54) homes through its portfolio of HomeBuy loans.

Of the homes the Association owns and manages, 36% are in Southampton (2013: 37%), and a further 15% are in Eastleigh (2013: 13%).

The homes owned by the Association are managed by The Swaythling Housing Society Limited which is a subsidiary of Radian Group Limited, and by an independent Registered Provider, the Society of St James Limited.

The Association's head office is based in Eastleigh.

In 2011/12 Radian Capital plc ("Capital"), a subsidiary of Radian Group Limited, issued £100m of 2042 bonds including £25m of reserve bonds, the proceeds of which were on-lent to the Association. The loan agreement with Capital mirrors the terms of the bond with a fixed interest rate of 6.0%. During 2012/13 Capital sold £2m of the reserve bond to investors, again on-lending the proceeds to the Association. The Association also sold its investment in gilts, yielding a premium of £0.8m. In September 2013 the remaining £23m reserve bond was sold to investors at a premium of £5.0m, again on-lending the proceeds to the Association.

In May 2014, the Association acquired £23m of bonds at a premium of £4.9m. At the same time, Radian Capital plc issued £200m of part paid bonds 2049 at an interest rate of 5.029% of which £100m were sold to investors. £1m was paid at issue, and a further instalment of £24m is due on the second anniversary of issue, and further instalments of £25m are receivable on the third, fourth and fifth anniversaries. The investor has contracted to make these payments. On that day, Radian Capital also issued £100m of 4.622% 2044 bonds, which amortise in five annual instalments on the 26th, 27th, 28th, 29th and 30th anniversaries. £30m were subscribed for by investors, whilst £70m were retained. The funds for both of these issues have been on-lent to Portal on like terms.

The Association has continued to acquire 348 new homes from its fellow subsidiaries during the year and it intends to continue acquiring further homes with its cash resources.

The Group will continue to deliver new homes. Under the current structure the majority of new homes are likely to be built by the The Swaythling Housing Society Limited, financed by sales of existing homes to the Association thereby increasing the stock holdings of the Group. The Association will finance purchases of homes through the cash it has and the cash it receives through bond issue.

Strategic Report

continued

Our Corporate Plan 2012-2015: 'From Good to Great'

Our Vision

'Radian – where people flourish'

Purpose

We will create great housing, care and support services, listening hard to our customers, to ensure that Radian is their positive choice for all that we provide. We will work with local partners to deliver our vision to be a place where people flourish.

By 2015:

- 90% of our customers will say they trust and recommend us
- We will have increased our care and support services to £25m and added 1,500 homes to our stock
- We will have delivered 1,000 training places for our customers and people we support
- 75% of our employees will say they are fully engaged in supporting everything we do.

Our vision to be a place 'Where People Flourish', along with our values of 'choice, opportunity and trust', set the context for all our activities. They are people focused because we are a people business; everything we achieve is by people, for people. The following diagram shows how the corporate plan for 2012-15 is constructed to ensure that our Group mission drives our strategic goals and objectives, feeding operational plans and individual objectives.

Choice

Working to be chosen
on merit for everything
we do.

Opportunity

Creating it, seizing it,
and offering it.

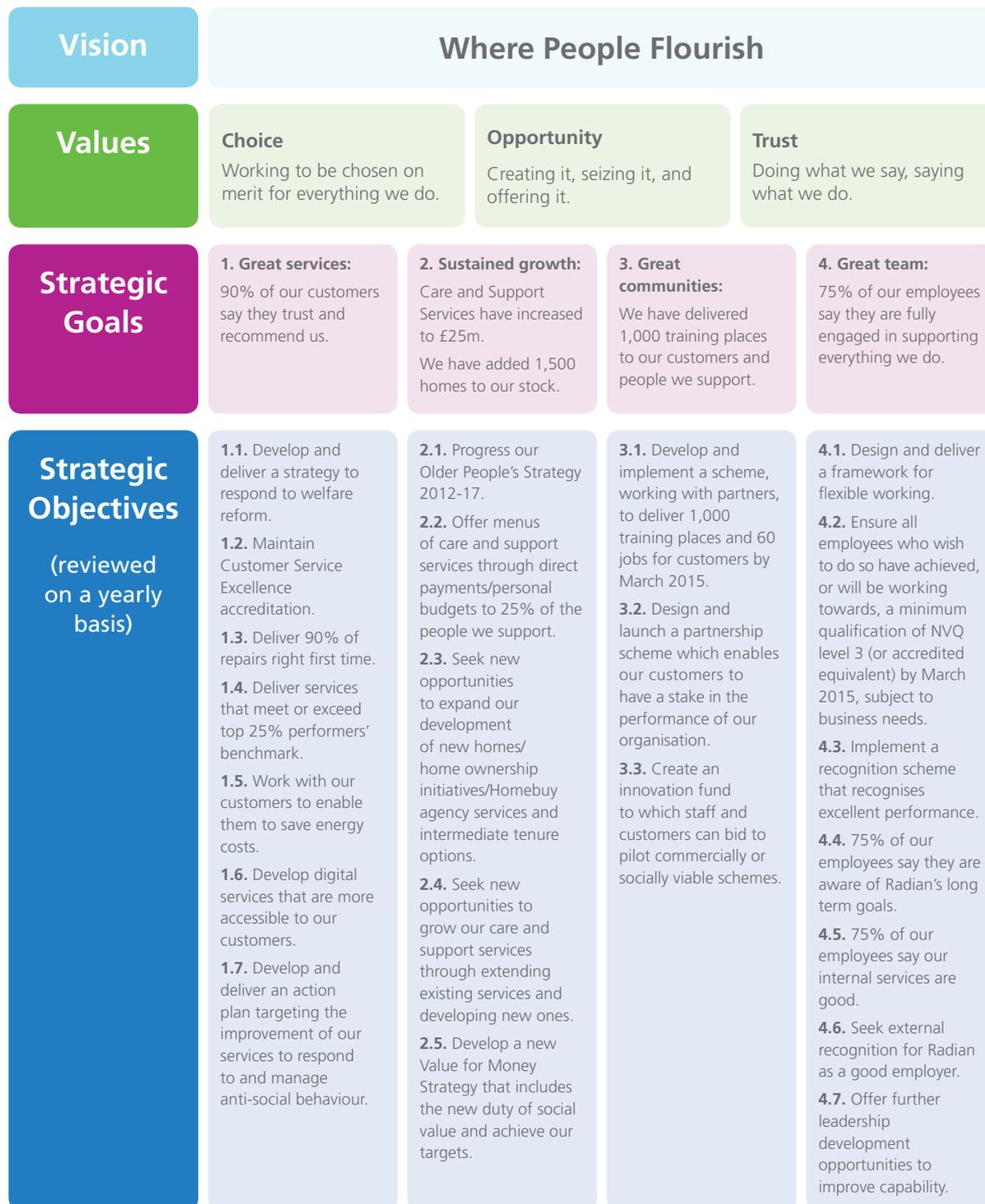
Trust

Doing what we say,
saying what we do.

Strategic Report

continued

Our Corporate Plan 2012-2015: 'From Good to Great' continued



Strategic Report

continued

Corporate Strategy – Housing

Within the wider Group Corporate Plan, the Group's Registered Providers have a collective commercial strategy.

Financial Performance

The budget strategy requires the business to budget to:

- increase its operating margin for housing annually to increase its capacity to fund new borrowings to build new homes – on average 500 per year; and
- ensure that all entities within the Group achieve a surplus before tax.

The level of margin growth and surplus before tax targeted is reflected in the budget. The Group Finance Committee ("GFC") considers any changes required and recommends them to the Group Combined Board ("GCB") for approval.

The annual budget determines the authority delegated to the Executive to spend Group funds. The Directors are required to deliver within budget unless there are exceptional circumstances.

Growth

The business aims to grow through adding more homes at a rate which does not threaten its financial viability. The impact of significant business decisions are measured through financial modelling which consists of the following:

- 1. Strategic Framework:** This sets out how we plan to achieve our vision and development growth targets in the long term. The GFC considers the Framework as the Committee is responsible for deciding whether the level of targeted performance is appropriate. GFC then recommends the Framework to the Board for approval.
- 2. Business Plan:** This reflects a shorter programme of development at a level which incorporates developments which we have committed to the HCA to deliver, schemes under contract with developers, schemes that we expect to deliver and a degree of aspirational headroom. Some longer term development is included to allow for multiphase schemes and anticipates development which would fit into the development plan within the Strategic Framework. This is considered by the New Business Committee ("NBC") which in turn considers whether it is happy to delegate authority to the Executive Appraisal Panel ("EAP") to commit to schemes fitting within that programme. If they approve the programme it is recommended to the Board for approval.

Both models are subject to scenario testing. The development programme in the business model is subject to the Group's scheme appraisal model. This measures the notional subsidy in each scheme. This is an estimate of the amount of equity which would have to be invested in the individual scheme to allow it to support the rest of the scheme being funded by debt. The notional subsidy for all schemes is aggregated, creating an average notional subsidy over the number of homes being added to our housing stock. If approved by the Board, the delegation to EAP is to build (subject to certain limitations) that many homes at a maximum of that average notional subsidy.

Strategic Report

continued

Capital and Treasury Management

The Group has a relatively complex economic legal structure and has undertaken some complicated financial engineering to extract and exploit value. The treasury policy provides clear guidance on limiting counterparty risk, whilst seeking a reasonable financial return.

At the year end the Association's external borrowings amounted to £25m (2013: £25m). The remaining £100m borrowings consist of the bond issued by Radian Capital and on-lent to the Association. Loan repayments on The Housing Finance Corporation borrowings are scheduled to commence on 31 March 2017. Those borrowings will be fully repaid on 8 July 2038. The Radian Capital loan is due to be repaid in full on 5 March 2042.

The intercompany loan from Radian Capital is secured by fixed and floating charges on the Association's properties and assets. All of the Association's borrowings are at fixed rates of interest at an average of 6%.

The Association borrows only in sterling and so is not exposed to currency risk.

Financial Review

Turnover

Turnover has increased to £10.0m from £7.3m (37%) as a result of annual rent increases. The annual rent increase was 0.5% above the September 2012 Retail Price Increase ("RPI") of 2.6% plus an additional £2 per week where the tenant is being charged below target rent.

The target for the year was to keep rent losses from voids in line with the previous year. During the year the Association's rent losses decreased to 0.45% (2013: 0.59%). Overall rent arrears at the year end have reduced to 2.3% (2013: 2.5%).

Expenditure

Total operating costs have increased to £5.4m from £3.9m (38.4%). There has been an increase in routine and cyclical maintenance of £0.5m and an increase in major repairs of £0.4m. These are both due to poor weather conditions over the winter months. Social housing management costs have increased by £0.4m as a result of additional housing properties.

Interest payable in the income and expenditure account has increased by £0.8m as a result of the increase in the long term loans.

Donations

The Association received £7.0m of gift aid from Windsor & District Housing Association Limited (2013: £7.5m) and also received £11.0m of gift aid from The Swaythling Housing Association Limited (2013: £7.5m).

Tangible Fixed Assets and Funding

The Association's investment in fixed assets and long term investments has increased to £281m (2013: £213m). The fixed asset investment is funded by £131m loans (2013: £103m), £78m grant and other public subsidy (2013: £58m) and £112m reserves (2013: £96m).

At 31 March 2014 the Association owned and managed 1,847 housing properties (2013: 1,499). The properties owned were carried in the balance sheet at cost (after depreciation and capital grant) of £202.7m (2013: £155.5m). The Board appointed professional valuers to value the Association's housing properties as at 31 March 2014 and at that date the value of the properties, on an existing use for social basis was £276m (2013: £287m).

Strategic Report

continued

Principal Risks and Uncertainties

The Group is committed to effective business risk management. The main risks that may prevent us achieving our objectives are considered and reviewed quarterly by the executive team and the Group Audit Committee as part of our 2012-15 corporate plan. The risks are recorded and assessed in terms of their impact and probability. Risk reports include assessments of key controls used to manage the risks. The most significant risks facing the Group as at 31 March 2014 and which are applicable to the Association are considered below.

Nature of Risk	Impact	Mitigations Include
Escalating liabilities may impact our growth strategy	<p>Financial capacity to deliver planned growth strategy could be impaired by:</p> <ul style="list-style-type: none"> • escalation of pension fund obligations and contributions, deflation • failure to deliver budget strategy or • higher than forecast increases in interest rates. <p>Monitored by these KPIs:</p> <ul style="list-style-type: none"> • Operating Margin • Gearing. 	<ul style="list-style-type: none"> • Transfer of pension scheme to a separate Radian Group section of The Pensions Trust. This increases the Group's control over its pension obligations and allows us to manage our risks more proactively. • Budget strategy to increase annual operating margins • VfM and treasury strategies • Group Finance Committee oversight • Year end treasury advisor's validation of rates in the Group business model.
Welfare reform and social policy changes	<p>Government welfare benefit and affordable rent policy changes and their economic impact causes rent arrears or voids to increase, and prevents us from achieving top decile performance for void turn-around and % rent debt collection.</p> <p>KPI's used to monitor:</p> <ul style="list-style-type: none"> • Rent arrears • Rent losses from voids. 	<ul style="list-style-type: none"> • Revised arrears procedures • Development of tenant advisory team to enhance support to tenants • Tenancy exchange system (Home Swap) and new Help2Move scheme • PayPoint Online payment facility available 24/7 • Mobisoft text arrears notification facility • Rent payments enabled for smart phones • Customer 'portal' with payment facilities • Welfare benefit take-up and 'bedroom tax' awareness campaign targeted at 'hot spot' areas • Performance reporting to Housing Assets and Customer Services Committee ("HASC") • Employment strategy aims to provide employment related training for 1,000 residents and 60 jobs by March 2015.
Inconsistent gas servicing below standard	<p>Inconsistent gas servicing falls below legal standards which may lead to an unidentified fault leading to an incident, and leave Radian exposed to the possibility of prosecution.</p> <p>KPI's used to monitor:</p> <ul style="list-style-type: none"> • % of homes with gas certification. 	<ul style="list-style-type: none"> • All gas servicing brought in house for management supervision • Daily operational monitoring against due service dates • All engineers "gas safe" trained and registered with obligatory refresher training and re-assessment every five years • KPI reporting to HASC • Implementation of audit recommendations.

Strategic Report

continued

Principal Risks and Uncertainties continued

Nature of Risk	Impact	Mitigations Include
Risk to Radian's regulatory judgement grading	Failure to meet HCA requirements in respect of governance and viability standards causes Radian to lose its G1 V1 regulatory judgement grading.	<ul style="list-style-type: none"> • Annual review of internal controls • Annual internal audit programme • Regular review of policies • Regular reporting of management accounts, VfM strategy progress • Board scrutiny of compliance with NHF codes of governance and conduct • Finance committee scrutiny of funding, accounting, financial planning and treasury management • Horizon scanning by governance and executive teams on regulatory issues • Detailed response to HCA queries.
Availability of funding from financial institutions	Financial institutions stop lending generally or to our sector.	<ul style="list-style-type: none"> • Constant open channel of discussion with all lenders and treasury advisors • March 2014 bond issue increasing liquidity • Maximising availability of housing stock for securing debts.

The Group Audit Committee and GCB review strategic risk to Radian Group on a regular basis. These include risks arising from Radian's care and support function which are also monitored by the Board of Radian Support Limited ("Support"). Support's risks have been omitted from this report but are reported in the Strategic Reports of Support and Radian Group Limited.

The Strategic Report was approved by the Board on 24 July 2014 and signed on its behalf by:



Mark Ralf
Chair

Value for Money and Social Value

Achieving Excellence: Our Journey So Far!

We aim to provide quality services that represent value for money (“VfM”). This statement outlines how we are doing this. It is a short version of the full statement accessible in the VfM section of our website, along with relevant supporting information.

Our 2013-16 ‘Value for customers’ VfM strategy was developed with our staff, customers, Residents Council and Board. It commits us to efficiency savings that generate cash to invest in corporate priorities. It outlines how we plan to provide quality services, be clear and open in what we do, live up to our values and prepare for challenges, such as welfare reform, that will affect our customers and us.

For us, VfM means providing quality services at the best price we can. To do this we focus on:

- Economy – we aim to reduce costs or the amount of resources needed
- Efficiency – we must make the best use of our assets and resources to produce expected standards of service
- Effectiveness – doing the ‘right’ thing – ensuring our services meet our customers’ expectations.

We will deliver the best results by achieving a balance of all three.

VfM is Essential to Meeting Our Objectives

VfM is closely linked to our purpose of creating great housing and care and support services. It is one of the key strategic objectives in our 2012-15 corporate plan: ‘From good to great’, and is an essential ingredient for success in tough times.

We want to show our customers and other stakeholders that we spend our income wisely, recognising that a proportion of it is from the public purse. We therefore aim to reinvest surpluses in our corporate plan priorities for the benefit of communities, as our customers expect, whilst maintaining our financial strength.

Our Board sets clear annual targets for efficiency and the quality of our services. Both the Board and Residents Council scrutinise quarterly performance (comparing it with the performance of similar organisations), which we publish on our website.

Are We Doing What We Promised?

Our VfM register recorded an efficiency saving of £1.6m for 2013/14, over half way to our target of at least £3m by the end of March 2016. This is in addition to £4.16m and better service delivery from VfM reviews and better buying decisions under the previous 2011-13 strategy.

Other 2013/14 VfM performance highlights include the following:

- of the 11 service performance indicators we can compare against our peers, three were in the best 10% of performance, seven were in the top 25% and one (empty-home turnaround) was in the upper middle quartile of performance
- arrears for social and affordable rent tenancies fell to 1.8% despite welfare reform, from 2.1% in 2012/13
- our financial inclusion and welfare benefits officers helped customers claim an extra £3.7m in welfare benefits
- we saved over £250,000 through creating our own pension scheme. We estimate that over the nine financial years from 2013/14 to 2022/23 this initiative will save a further £1.8m

Value for Money and Social Value continued

Are We Doing What We Promised? continued

- our Board considered the case for outsourcing our planned maintenance service or continuing it in-house through Radian Technical Services. The review concluded that the quality and cost of Radian Technical Services' work was very competitive in its own right and that there was a clear tax advantage from doing this work internally. The cost benefits and high levels of customer satisfaction compared with our peers, identified through independent analysis, led us to decide to continue to use our internal direct labour organisation.

Scrutiny of Our Performance

Residents Council

We consult our Residents Council on plans, budgets and policies that affect customers and they scrutinise and inspect our overall performance. Two Group Combined Board members are residents and residents also sit on Group committees.

Do Customers Receive VfM for the Rent they Pay?

At the end of March 2014, our rolling satisfaction survey showed that 82% of our tenants said their rent provided good VfM (an increase of 1% since 2012) and 86% were satisfied with their neighbourhood as a place to live. Overall satisfaction for tenants improved to 88%, in the top quarter of our peers. Last year almost 4,000 customers gave us their valuable ideas and feedback regarding our performance.

How Do We Compare to Others?

One of the ways we compare the cost and quality of our services with others is through membership of HouseMark. Our 2012/13 performance is published on our website's VfM section and shows that out of 31 organisations we came fifth in terms of total cost of housing management. Our performance has been assessed as 'good and low cost'.

Our 2013/14 detailed management cost results will be published by HouseMark at the end of November 2014 and will then be included on our website. In 2013/14 we restructured our senior housing management team to improve performance and we are monitoring the results of this. We saved £0.3m per annum through this measure, and re-invested it in new frontline income, neighbourhood and advice staff.

Our Return on Assets

Managing Our Assets: Reviewing Performance

In general, our assets are in good condition, high demand and perform well on financial return and social benefit. Our relatively compact geographical spread balances the efficiency benefits of concentration with the risks of over concentration. To ensure this continues, we focus on consolidating stock through development to meet demand in our existing geographical areas.

For social housing assets which underperform against financial return and social benefit requirements, we have a record of either selling, redeveloping, or changing customer group or tenure to improve performance. The options for these assets are considered using the same criteria and methodology we use for appraising new investment opportunities. Properties are reviewed for change of use and disposal on a scheme by scheme basis in view of the higher management costs associated with outlying individual properties. These option appraisals are carried out by a newly appointed business analyst.

We are reviewing all properties, identifying which are unconstrained by planning conditions, stock transfer covenants or other restrictions to identify where the contribution from low performing assets might be

Value for Money and Social Value continued

Our Return on Assets continued

improved through change of use or tenure or disposal when next void. We will use the gap between their Vacant Possession Value and Existing Use Value – Social Housing (“Net Present Value”) as an indicator of where these options should be considered on financial grounds.

We are also increasing our focus on active asset management, identifying homes where management is more expensive than the norm e.g. single flats in blocks managed by others and large and old properties converted into flats which do not perform to modern standards.

To improve this process we have recently added the capability to analyse our asset data to identify unpopular homes and those which are expensive to manage and maintain. Such homes will go through our established option appraisal process, to determine the best possible use for the asset, consistent with our objectives. This system has already led us to review schemes where the day-to-day repairs spend exceeds either twice our average or 40% of the gross rent. It also identified schemes where the tenant turnover rate exceeded 20% p.a. We are identifying what causes these outliers to inform appropriate action.

We are also reviewing homes which generate a contribution below the rate we require for new developments.

Since 2011 we have been converting half our social housing voids (excluding sheltered and supported homes) to affordable rents (80% of market rent). As at 31 March 2014, of the 785 (2012/13: 567) empty properties we re-let in 2013/14, we converted 217 (2012/13: 228) to affordable rent. In 2013/14, we raised an extra £526,000 from these conversions, increasing our borrowing capacity. In some areas, however, low values mean that when a property becomes available it remains at social rent.

New Homes

We build homes to meet local need. As well as appraising for financial viability, we appraise development schemes for suitability for our client markets, maintenance costs and social value. The affordability and impact of all our developments are scrutinised for approval by our Executive Appraisal Panel and New Business Committee (according to respective delegations).

We are members of the SDS Catalyst Development Benchmarking Club for London and the South East. During 2013/14, of 10 organisations Radian was ranked 3rd most cost effective for acquisition costs per m² (£1,390) and 4th most cost effective for build costs per m² (£1,931).

Overall satisfaction with the quality of our new homes in 2013/14 was 97% (2012/13: 95%), suggesting we had got a good balance between ‘cost’ and ‘quality’. During 2015 we will be doing a VfM review of build costs to identify further efficiencies.

In 2013/14 the Group completed 508 new homes. We plan to sustain a programme of 500 homes per year. This will be a blended programme sustained by utilising sales income, grant and increased rent from conversion of existing homes from social to affordable rent and a build cost reduction strategy, including a target saving of 5% for the next two years.

We have issued £300m of bonds with deferrals to spread our refinancing risk and ensure long-term funding for our plans. We estimate that the deferred structure will reduce our net interest cost by over £2m in 2014/15.

So How Do We Measure What We Get Back From Our Assets?

We consider our return on assets from three distinct viewpoints.

The first is to measure the return on our joint investment in homes with the Homes & Communities Agency

Value for Money and Social Value

continued

Our Return on Assets continued

and other providers of grant funding. In the main we receive this grant to enable us to charge sub-market rents. To make this measure meaningful, we have to add the social dividend represented by the discount to our net income from the homes when measuring our joint return on the total investment in our homes. We estimate this discount to be 20% for homes let at affordable rents and 34% discount for homes let at social rents.

The second is the financial return on our investment in our homes net of the grant we have received towards building them. This ignores both the social dividend represented by the discounted rents, and the grant investment. We have been investing in homes for many decades, and it is the growth of the return on those homes which generates the capacity to invest in new homes which generate far lower returns.

The third measure takes into account the fact that a large proportion of our investment in homes has been borrowed from lenders, and that the net investment in the business is the reserves we have accumulated over the years through retaining our surpluses in the business.

We considered measuring the financial return on our homes based on their current value, but decided against this as the only appropriate valuation methodology is Existing Use Value – Social Housing (“EUVS”). As EUVS is calculated by capitalising the income stream derived from the homes, underperformance of those assets will generate a lower income stream which will depress the valuation, masking the underperformance.

Measure 1 – Return on total investment in homes (adjusted for social dividend and grant investment)

Measure 1 is calculated by adding the net income received from our homes, after deducting the costs of managing and maintaining them to the estimated discount which rents represent against the market and calculating this as a percentage of the total investment in those homes (including grant).

This indicates the total return including social dividend which we and our grant funders have achieved from that investment. We estimate that on this basis our annual return on the total investment in these assets was 7.3% in 2014 (2013: 7.3%), and has averaged 7.0% a year over the last three years.

Measure 2 – Return on Radian’s investment in homes

Measure 2 is calculated by dividing the net income received from our homes, after deducting the costs of managing and maintaining them by our investment in those homes (net of grant).

The return on our historic investment in homes net of grant was 4.7% in 2014 (2013: 5.0%) and has averaged 4.5% over the last three years. This is higher than the return on the new assets we are building (which we estimate to be 1.9%). This return will therefore fall if we increase production of new affordable homes, and increase if we reduce such new home production.

Measure 3 – Return on Radian’s investment net of debt

Measure 3 is calculated by dividing Radian’s post interest net surplus for the year by its retained surpluses, which are the only funds which Radian has itself provided once borrowings are deducted.

This return was 9.5% in 2014 (2013:13.3%) and averaged 11.5% a year over the last three years. This fell in 2014 due to continued investment in both new and existing social housing and services, coupled with the 10% increase in Radian’s reserves. We expect this rate to continue to fall as interest rates rise.

Value for Money and Social Value continued

Our Return on Assets continued

	Three-year average	2014	2013	2012
Measure 1 – Return on total investment in homes (adjusted for social dividend and grant investment)	7.0%	7.3%	7.3%	6.4%
Measure 2 – Return on Radian's investment in homes	4.5%	4.7%	5.0%	3.7%
Measure 3 – Return on Radian's investment net of debt	11.5%	9.5%	13.3%	11.7%

Social Value: the Social Return on Our Investment

Why it is Important to Deliver Social and Environmental Value Too

We are a social business whose success cannot just be measured by our financial efficiency. We have always invested in communities. We recognise that we need to communicate better about what we do, and ask in more detail “do we make a difference?”, especially as social value is at the heart of our VfM agenda.

How Do We Measure Our Social Value Impact?

We know the social impact of some of our investments (for example the recent review of our employment, skills and training project) but it is an area we aim to improve on. We are looking at different approaches – such as the Housing Association Charitable Trust (“HACT”) model for assessing social value and also a matrix method whereby our staff plot the impact of a project (low/high scaled) against the cost of a project (again low/high scaled) so we can concentrate on projects that deliver the most impact at the best available cost.

Details of the difference our investment makes to our customers, employees, communities and the people we support are set out in full in the VfM section of our website.

Our aspirations for 2014/15 and 2015/16 are linked to our strategic goals and are set out in the VfM section of our website.

Statement of Board Responsibilities

The Board is responsible for preparing the report and the financial statements in accordance with applicable law and Regulations.

Industrial and Provident Society and registered provider legislation in the United Kingdom requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association at the end of the year and of the surplus or deficit of the Association for the year then ended.

In preparing these financial statements the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable United Kingdom Accounting Standards and the SORP 2010; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, The Housing and Regeneration Act 2008 and the Accounting Direction for Social Housing in England 2012. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the SORP 2010.

The Board is responsible for the maintenance and integrity of the corporate and financial information on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in the annual reports may differ from legislation in other jurisdictions.

Independent Auditor's Report

to the shareholders of Portal Housing Association Limited

We have audited the financial statements of Portal Housing Association Limited for the year ended 31 March 2014 which comprise the income and expenditure account, the statement of recognised surpluses and deficits, the balance sheet and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Board and Auditor

As explained more fully in the Statement of Board Responsibilities, the Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2014 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, The Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

Independent Auditor's Report

to the shareholders of Portal Housing Association Limited

continued

Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.



Helen George (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

28 July 2014

Income and Expenditure Account

Year ended 31 March 2014

	Note	2014 £'000	2013 £'000
Turnover	3	10,016	7,304
Operating costs	3	(5,362)	(3,905)
Operating Surplus	3	4,654	3,399
Surplus on sale of investments	3	–	814
Charitable donations and Gift Aid		18,000	15,000
Interest receivable	4	270	1,070
Interest payable and similar charges	5	(6,937)	(6,108)
Surplus on Ordinary Activities before Taxation	6	15,987	14,175
Tax on surplus on ordinary activities	7	–	–
Surplus on Ordinary Activities for the Year	18	15,987	14,175

All activities derive from continuing operations.

The notes on pages 33 to 45 form part of these financial statements.

Statement of Recognised Surpluses and Deficits

Year ended 31 March 2014

	Note	2014 £'000	2013 £'000
Surplus for the financial year	18	15,987	14,175
Fair value (loss)/gain on investments	18	(66)	403
Total Recognised Surpluses relating to the Year		15,921	14,578

Balance Sheet

31 March 2014

	Note	2014 £'000	2013 £'000
Fixed Assets			
Housing properties – depreciated cost	9	280,590	213,359
Social housing grant	9	(77,586)	(57,867)
Other public grants	9	(320)	–
Net book value of housing properties		202,684	155,492
Fixed asset investment	10	4,000	4,000
Other Long Term Investments			
HomeBuy loans	11	1,520	1,566
HomeBuy grant	11	(918)	(964)
Total Fixed Assets		207,286	160,094
Current Assets			
Debtors	12	3,292	879
Short term and other non-listed investments	13	36,749	30,806
Cash at bank and in hand	13	6,804	15,026
		46,845	46,711
Creditors: Amounts Falling Due Within One Year	14	(10,513)	(7,291)
Net Current Assets		36,332	39,420
Total Assets Less Current Liabilities		243,618	199,514
Creditors: Amounts Falling Due After More Than One Year	15	131,371	103,188
Capital and Reserves			
Called up share capital	17	–	–
Revenue reserve	18	112,031	96,044
Investment revaluation reserve	18	216	282
		243,618	199,514

The financial statements of Portal Housing Association Limited, registered Industrial and Provident Society number 28635R, on pages 31 to 45 were authorised and approved for issue by the Board on 24 July 2014 and signed on its behalf by:



Mark Ralf
Chair



Mandy Clarke
Board Member



Terry Walker
Secretary

Notes to the Financial Statements

Year ended 31 March 2014

1. Legal Status

Portal Housing Association Limited is registered with the FCA as a charitable Industrial and Provident Society and is registered as a Registered Provider with the Regulatory Committee of the Homes and Communities Agency.

2. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Association's financial statements.

Basis of Preparation

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention and in accordance with the SORP 2010, in accordance with The Accounting Direction for Social Housing in England from April 2012 and the Industrial & Provident Societies Acts 1965 to 2002.

Going Concern

The financial statements have been prepared on a going concern basis details of which can be found on page 14 of the Board Report.

Cash Flow

Under FRS 1, the Association is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Association in its own consolidated financial statements.

Consolidation

The consolidated financial statements of Radian Group Limited incorporate the financial statements of all members of the Group, within which this Association is included.

Turnover

Turnover, all from continuing operations, represents rental income net of losses from voids, service charge and fee income, revenue grant receivable, income from first tranche sales, and income from sales of properties built for sale.

Value Added Tax ("VAT")

The Association is VAT registered, but a large proportion of its income, namely rent, is exempt for VAT purposes and thus gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT and the input VAT recovered is shown in the income and expenditure account.

Social Housing Grant ("SHG") and Other Public Subsidy

Where developments have been financed by Social Housing Grant ("SHG"), the cost is reduced by the amount of grant receivable. SHG due from the HCA or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the HCA. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

Notes to the Financial Statements continued

Year ended 31 March 2014

2. Accounting Policies continued

Other Grants

These include grants from local authorities and other organisations. The capital cost of housing properties is stated net of grants receivable on the properties. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Cyclical Repairs and Maintenance

The actual costs of cyclical repairs and maintenance are charged to the income and expenditure account as incurred.

Purchase and Sale of Property

Purchases and sales of property are accounted for at the point at which the contract becomes unavoidable; this is usually upon exchange of contracts.

Properties for Sale

Completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Unsold properties are classified as current assets in the balance sheet.

Fixed Assets – Housing Properties

Housing properties are held at cost less depreciation and grant received. Cost includes acquisition expenditure, development costs and directly attributable administration costs.

Housing properties are split between the structure and major components which require periodic replacement. Replacement or restoration of such major components is capitalised and depreciated over the average estimated useful life.

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when handed over for letting or sale. Donated land is treated as both a cost of land and grant received.

Shared ownership properties are split proportionately between fixed and current assets based on the proportion of the share of equity sold in the first tranche. The element of a property anticipated to be sold as a first tranche sale is recognised as a current asset and the remainder as a fixed asset.

Depreciation

Freehold buildings and components

Depreciation is provided to write off the cost (net of grant) to estimated residual value on a straight line basis over the estimated useful economic life of assets at the following annual rates:

Structure	100 years	Bathrooms	30 years
Boilers	15 years	Heating	30 years
Kitchens	20 years	Windows	30 years
Photovoltaics	20 years	Sheltered Housing	50 years

Notes to the Financial Statements continued

Year ended 31 March 2014

2. Accounting Policies continued

Other fixed assets

Depreciation is charged on a straight line basis over the estimated useful economic life of the assets at the following annual rates:

Freehold premises	2%
Office equipment	20% – 33 ¹ / ₃ %
Office furniture and development equipment	10%
Motor vehicles, yard plant and machinery	25%

Impairment

Housing properties are subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to the recoverable amount. Any such write down is charged to operating surpluses.

Taxation

Due to its charitable status, the Association benefits from various exemptions from taxation afforded by tax legislation and is not liable to corporation tax on income and gains falling within these exemptions.

Financial Assets

The Association classifies its financial assets as either “available-for-sale” (“AFS”) financial assets or “loans and receivables” depending on their nature and purpose at the time of initial recognition.

All financial assets are recognised and derecognised on a trade date basis at fair value, plus transaction costs.

Loans and receivables

Rent arrears, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as “loans and receivables”. Loans and receivables are held at amortised cost using the effective interest method (discounting future cash receipts over the expected life of the instrument), less any provisions or impairment. Interest income is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Available for sale (“AFS”) financial assets

Gilts held by the Association that can be traded in an active market are classified as being AFS and are stated at fair value. Fair value is determined upon the value at which the assets could be sold in an active market. Gains and losses arising from changes in fair value are recognised through the STRSD and in the investments revaluation reserve with the exception of impairment losses and interest calculated using the effective interest rate method, which are recognised directly in the income and expenditure account. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investment revaluation reserve is reclassified to the income and expenditure account for the period.

Impairment of financial assets

Financial assets are assessed for indicators of impairment annually. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

Notes to the Financial Statements continued

Year ended 31 March 2014

2. Accounting Policies continued

Derecognition of financial assets

The Association derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another Group member. If the Association does not retain substantially all the risks and rewards of ownership and continues to control the asset, the Association recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Association retains substantially all the risks and rewards of ownership of a disposed financial asset, the Association continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial Liabilities

Financial liabilities are classified as "other financial liabilities".

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Association derecognises financial liabilities when, and only when, the Association's obligations are discharged, cancelled or they expire.

3. Particulars of Income and Expenditure from Social Housing Lettings

	2014			2013		
	Turnover £'000	Operating costs £'000	Operating surplus £'000	Turnover £'000	Operating costs £'000	Operating surplus £'000
Social Housing Lettings	9,800	(5,198)	4,602	6,881	(3,790)	3,091
Social Housing Activities						
Management services	–	(4)	(4)	–	–	–
Sale of housing accommodation	216	(160)	56	423	(115)	308
Total	10,016	(5,362)	4,654	7,304	(3,905)	3,399

Notes to the Financial Statements continued

Year ended 31 March 2014

3. Particulars of Income and Expenditure from Social Housing Lettings continued

	General needs housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	Other £'000	2014 Total £'000	2013 Total £'000
Turnover from Social Housing Lettings						
Rent receivable net of identifiable service charges (net of voids)	7,303	436	1	1,821	9,561	6,660
Service charge income	231	8	–	–	239	207
Charges for support services	–	–	–	–	–	14
Net Rental Income	7,534	444	1	1,821	9,800	6,881
Expenditure on Social Housing Lettings						
Management	(739)	(32)	–	(135)	(906)	(546)
Service charge costs	(125)	(6)	–	(23)	(154)	(170)
Routine maintenance	(1,172)	(52)	–	(214)	(1,438)	(909)
Planned maintenance	(306)	(14)	–	(56)	(376)	(435)
Major repairs expenditure	(533)	(24)	–	(97)	(654)	(208)
Bad debts	(96)	–	–	–	(96)	(44)
Depreciation of housing properties	(1,277)	(57)	–	(232)	(1,566)	(1,478)
Other costs	(7)	–	–	(1)	(8)	–
Operating Costs on Social Housing Lettings	(4,255)	(185)	–	(758)	(5,198)	(3,790)
Operating Surplus on Social Housing Lettings	3,279	259	1	1,063	4,602	3,091
Void Losses	(21)	–	–	(23)	(44)	(41)

All the Association's homes are managed by The Swaythling Housing Society and the Society of St James.

Notes to the Financial Statements continued

Year ended 31 March 2014

3. Particulars of Income and Expenditure from Social Housing Lettings continued

	2014 No. of units	2013 No. of units
General needs housing	1,504	1,221
Supported housing	67	66
Other rented housing	274	211
Leaseholders	1	1
Properties managed for others	1	–
	1,847	1,499
Home loans	50	54
	1,897	1,553

	2014 £'000	2013 £'000
Other Surplus from the Sale of Housing Properties		
Sale proceeds	285	–
Less: cost of sales	(285)	–
Net surplus from sale of housing properties	–	–
Surplus on sale of investments	–	814

4. Interest Receivable

	2014 £'000	2013 £'000
Interest receivable from bank and building society deposits	101	582
Interest receivable on HomeBuy investments	33	33
Interest receivable on gilt investments	–	455
Bond premium amortised	136	–
	270	1,070

Notes to the Financial Statements continued

Year ended 31 March 2014

5. Interest Payable and Similar Charges

	2014 £'000	2013 £'000
On Housing Loans		
Repayment wholly or partly in more than five years	1,557	1,506
Loan arrangement fees and associated costs	21	22
Loan discount amortised	7	–
On Intercompany Loan		
Repayment wholly or partly in more than five years	5,314	4,536
Capitalised issue costs amortised	27	36
Bond discount amortised	11	8
	6,937	6,108

6. Surplus on Ordinary Activities before Taxation

	2014 £'000	2013 £'000
Surplus on Ordinary Activities before Taxation is stated after Charging:		
Depreciation of tangible fixed assets	1,566	1,478
The analysis of auditor's remuneration is as follows:		
Fees payable (excluding VAT) to the Association's auditor for the audit of the Association's annual financial statements	2	2
Total audit fees	2	2
Fees payable (excluding VAT) to the Association's auditor in respect of other services	1	1
Total non audit fees	1	1

7. Taxation

Portal Housing Association Limited has charitable objectives and is an exempt charity within the definition of section 506 of the Income and Corporation Taxes Act 1988 and is therefore not liable to taxation on income or capital gains applied to its charitable purposes.

8. Directors' Emoluments

Since September 2010, the Board members and executives of the Association (the Board of Management and the Group Executive team) have been paid by other members of the Radian Group. It is not possible to disaggregate the Directors' remuneration in respect of services performed on behalf of Portal Housing Association Limited, and services to other Radian Group companies.

The remuneration of the Chief Executive is disclosed in the financial statements of the ultimate parent undertaking, Radian Group Limited. The Chief Executive is an ordinary member of the Final Salary Scheme with a 1/60th accrual rate benefit structure of the Radian Group Pension Scheme with the same conditions

Notes to the Financial Statements continued

Year ended 31 March 2014

8. Directors' Emoluments continued

of membership as all other employees within that non-contributory benefit structure of the Scheme. Full details of scheme funding are disclosed in the Group financial statements. The Chief Executive has no pension arrangements to which the Group contributes, other than those relating to the Scheme.

9. Tangible Fixed Assets

	Freehold housing properties £'000	Other properties £'000	Total £'000
Cost			
At 1 April 2013	182,608	36,760	219,368
Additions	–	7,995	7,995
Additions – works to existing properties	305	26	331
Intergroup transfers	59,099	2,878	61,977
Disposals and demolitions	(198)	(377)	(575)
At 31 March 2014	241,814	47,282	289,096

Social Housing Grant

At 1 April 2013	(38,975)	(18,892)	(57,867)
Received in year	–	(4,097)	(4,097)
Intergroup transfers	(15,522)	(322)	(15,844)
Transferred from recycled capital fund	–	222	222
At 31 March 2014	(54,497)	(23,089)	(77,586)

Accumulated Depreciation

At 1 April 2013	(5,686)	(323)	(6,009)
Charge for the year	(1,449)	(117)	(1,566)
Intergroup transfers	(1,070)	(50)	(1,120)
Disposals	179	10	189
At 31 March 2014	(8,026)	(480)	(8,506)

Recycled/Deferred/Other Receipts

At 1 April 2013	–	–	–
Additional grant liability	(320)	–	(320)
At 31 March 2014	(320)	–	(320)

Net Book Value

At 31 March 2014	178,971	23,713	202,684
At 31 March 2013	137,947	17,545	155,492

Notes to the Financial Statements continued

Year ended 31 March 2014

9. Tangible Fixed Assets continued

There were no revenue grants received or receivable at balance sheet date.

All housing land and buildings are shown at historic cost and not at valuation. The value of housing stock as determined by the "Existing Use Valuation – Social Housing" method at 31 March 2014 for accounting purposes was £130.1m (2013: £107.3m). The valuation was carried out by Jones Lang LaSalle, 30 Warwick Street, London, W1B 5NH. The increase is due to an improvement in the valuation and the purchase of homes during the year.

10. Fixed Asset Investment

Portal Housing Association Limited holds 100% of the ordinary shares in Swaythling Assured Homes Plc. Swaythling Assured Homes plc did not trade during the year.

	2014 £'000	2013 £'000
Investment in subsidiary	4,000	4,000

11. HomeBuy Loans

HomeBuy loans have been shown at cost less grant funding received.

12. Debtors: Amounts Falling Due Within One Year

	2014 £'000	2013 £'000
Gross arrears of rent and service charges	452	399
Bad debt provision	(235)	(171)
Net tenant arrears	217	228
Short term non-liquid assets	2,836	446
Other debtors and prepayments	135	205
Recoverable amortised net premium on issue	104	–
	3,292	879

Non-liquid assets are assets held as loan security.

Notes to the Financial Statements continued

Year ended 31 March 2014

13. Cash at Bank and In Hand and Short Term Investments

	2014 £'000	2013 £'000
Short term non listed investments	36,749	30,806
Cash at bank and in hand	6,804	15,026
	43,553	45,832

Non liquid assets, short term and other non-listed investments comprise deposits held on account and investment in gilts. Gilts comprise:

Investment classification	Nominal value (£)	Fair value (£)	Interest rate	Expiry date
UK Government Gilt Holding	599,966	731,779	4.75%	2038
UK Government Gilt Holding	296,200	443,738	8.00%	2021

As at 31 March 2014 the fair value of the above investments were £1,175,517 (2013: £1,270,417).

These are held as loan security, in addition to short term cash deposits of £16,340,949 within short term non listed investments.

14. Creditors: Amounts Falling Due Within One Year

	2014 £'000	2013 £'000
Amounts owed to parent undertakings *	9,559	6,134
Trade creditors	23	–
Rent and service charges received in advance	208	167
Interest due and payable	626	626
Other creditors	97	364
	10,513	7,291

* Whilst amounts owed to parent undertakings are repayable within one year, it is unlikely that the obligation to repay the debt within one year will be enforced by parent undertakings.

Notes to the Financial Statements continued

Year ended 31 March 2014

15. Creditors: Amounts Falling Due After More Than One Year

	2014 £'000	2013 £'000
Intercompany loan from Radian Capital Plc	100,000	77,048
Housing loans falling due after more than one year	25,400	25,400
Recycled capital grant fund (note 16)	135	–
Unamortised fees and net premiums	5,836	740
	131,371	103,188
Unamortised fees and net premiums	(5,836)	(740)
Recycled capital grant fund (note 16)	(135)	–
Loan principal outstanding	125,400	102,448

The Association's loans are secured by fixed and floating charges on properties and assets (including gilts) owned by the Group.

Jones Lang LaSalle have provided an indicative valuation of the charged properties, the majority of which are on a Market Value Subject to Tenancy basis. The remainder are on an Existing Use Valuation for Social Housing basis. These values exceed the value of the loans.

Interest rates are fixed at an average rate of 6.0%.

The loans are repayable as follows:

	2014 £'000	2013 £'000
Loans repayable by instalments in two to five years	213	110
Loans repayable by instalments in five years or more	4,187	4,013
Loans repayable otherwise than by instalments in five years or more	121,000	98,325
	125,400	102,448

16. Recycled Capital Grant Fund

	Recycled capital grant fund £'000
At 1 April 2013	–
Net inputs to fund:	
Grants recycled	(135)
At 31 March 2014	(135)

Notes to the Financial Statements continued

Year ended 31 March 2014

17. Share Capital

Each member of the Management Committee holds one £1 share in the Association as does the parent company.

	2014 £	2013 £
Shares of £1 each		
Issued and fully paid at 1 April	10	9
Shares issued in year	2	2
Shares cancelled during the year	(5)	(1)
Shares in issue at 31 March	7	10

The shares do not have a right to any dividend or distribution in winding-up, and are not redeemable.

18. Reserves

	Investment revaluation reserve £'000	Revenue reserve £'000	Total £'000
At 1 April 2013	282	96,044	96,326
Surplus for year	–	15,987	15,987
Realisation of revaluation reserve surplus	(66)	–	(66)
At 31 March 2014	216	112,031	112,247

The shareholders are not entitled to any distribution of surpluses or assets of the Association.

19. Ultimate Parent Company and Controlling Party

At 31 March 2014 the Association's ultimate parent undertaking and ultimate controlling party was Radian Group Limited.

Radian Group Limited is the parent of both the largest and smallest Group into which Portal Housing Association Limited is consolidated. Group accounts can be obtained from Radian Group Limited, Collins House, Bishopstoke Road, Eastleigh, Hampshire, SO50 6AD.

20. Related Party Transactions

Since September 2011 there have been two Board members who are residents of properties owned by Drum Housing Association Limited and The Swaythling Housing Society Limited, other housing associations within the Group. Transactions with these Board members are at arms length and are not material. One of those Board members has now resigned. Another resident will be appointed to the Board in due course.

Notes to the Financial Statements continued

Year ended 31 March 2014

20. Related Party Transactions continued

Transactions with other Group Members

The Association, a wholly owned subsidiary of Radian Group Limited, has taken advantage of the disclosure exemption available to fellow undertakings in accordance with the terms of paragraph 3 (c) of FRS 8 "Related Party Transactions".

This is the case except for intra group transactions with Radian Capital Plc ("Radian Capital"), another member of the Group. Radian Capital is not regulated by the Regulation Committee of the HCA and the Accounting Direction for Social Housing requires Registered Providers to disclose transactions with non regulated Group members. There are other members of the Group which are not regulated by the Regulation Committee of the HCA but there have been no transactions with these entities during the year.

The following transaction and intercompany balances with Radian Capital are shown from the perspective of the Association:

	2014 £	2013 £
Radian Capital plc		
Expenditure		
Interest on loans and amortisation of premiums and fees	(5,352)	(4,580)
Balance sheet		
Amounts due to Radian Capital in more than one year	(105,113)	(77,048)

The interest payable is disclosed in note 5 and the intercompany payable in note 14.

21. Post Balance Sheet Event

As noted in the Strategic Report, in May 2014, the Association acquired £23m of bonds at a premium of £4.9m. At the same time, Radian Capital plc issued £200m of part paid bonds 2049 at an interest rate of 5.029% of which £100m were sold to investors. £1m was paid at issue, and a further instalment of £24m is due on the second anniversary of issue, and further instalments of £25m are receivable on the third, fourth and fifth anniversaries. The investor has contracted to make these payments. On that day, Capital also issued £100m of 4.622% 2044 bonds, which amortise in five annual instalments on the 26th, 27th, 28th, 29th and 30th anniversaries. £30m were subscribed for by investors, whilst £70m were retained. The funds for both of these issues have been on-lent to Portal on like terms.

